Mapping the Legal Gender Gap in Using Property and Building Credit

Women, Business and the Law
THE WORLD BANK | IFC

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In 2009 Rebecca Moore earned her living as a clothing trader in the northern Liberian town of Ganta. As part of Liberia's efforts to create jobs after years of conflict, the government focused on increasing access to loans for small businesses. But in an economy where women account for 80 percent of market traders, Moore and many other entrepreneurs could not access the financing they needed to expand their small businesses. There was a mismatch between the types of assets that Moore and her colleagues possessed and what banks would accept as collateral.

Most Liberian banks require evidence of home ownership as collateral for loans. And for married women, complying with this requirement can be problematic. As Moore put it, "We find it difficult to convince our husbands and partners to allow us to use our houses for collateral. They are always skeptical" (IRIN 2009).

But Liberia is one of the few economies in Sub-Saharan Africa where the public credit registry collects information on smaller loans including those from microfinance institutions. This helps women build reputation collateral—one way to get around the mismatch between the types of assets that women have and the types that banks accept.

Shehzad Noorani/World Bank

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How Does Legislation Affect Women's Access to Capital?

When seeking a loan, women and men can encounter many obstacles when they do not possess the right types of assets to pledge as collateral. In developing countries, banks often prefer to use immovable assets, such as land and buildings, as security interests. So women, who tend to have less access to such assets, can have more difficulty securing loans. The problem is worse where there are gender-differentiated property rights.

The World Bank Group's *Women, Business and the Law* dataset examines where the law treats women and men differently in ways that may affect women's abilities and incentives to get jobs and start and run businesses—one of many factors that determine the course of their working lives. Covering 141 economies, the dataset establishes six indicators of gender differences in formal laws and institutions: accessing institutions, using property, getting a job, providing incentives to work, going to court, and building credit. *Women, Business and the Law* finds that only 38 of the economies covered set out equal legal rights for women and men in 45 key areas across all indicators.

In particular, two of the indicators examine some of the legal and regulatory prerequisites needed to access and leverage property as collateral and to build credit histories:

- **Using property** analyzes women's ability to access and use property based on their capacity to own, manage, control, and inherit it.
- **Building credit** identifies minimum loan thresholds in private credit bureaus and public credit registries and tracks bureaus and registries that collect information from microfinance institutions.

The findings and analysis from these two indicators form the basis of this note, which is part of a series examining the legal gender gap using the *Women, Business and the*

Law dataset. Other notes examine the legal gender gap in accessing institutions and getting a job.

Though many factors influence women's ability to use property and build credit, this analysis suggests that the laws governing property relationships also matter; for example in economies where there is a legal gender gap as measured by *Women, Business and the Law's* using property indicator, women borrow less from financial institutions than in economies with legal gender parity. This suggests that the gender gap may prevent women from using property as collateral for loans.

Even where direct legal restrictions on women do not exist, laws may not facilitate women's full economic participation—for example, the use of movable assets (inventory, equipment, accounts receivable) for loans. In many economies women's ownership of immovable assets such as land can be very low, and women might find it easier to access and own moveable assets. By not taking into account information on microloans and small conventional loans, credit registries and bureaus are missing valuable data on women's creditworthiness.

Promoting women's access to capital through property rights and expanded bases for credit gives them more opportunities for financial independence. This commitment is reflected in international human rights instruments such as the United Nations Convention on the Elimination of All Forms of Discrimination against Women (CEDAW). Table 1 shows how *Women, Business and the Law's* indicators correspond with CEDAW.

Identifying legal and regulatory impediments to women's access to capital, as well as processes that can facilitate it, is a first step toward improving women's economic opportunities. Once gender equality is reflected in the law, efforts can turn to implementation.

The findings and analysis from *Women, Business and the Law's* using property and building credit indicators suggest that laws and regulations in very different areas matter for women's access to capital. The links between these areas include the ability to use the types of assets that women have—including immovable property, movable property, and credit histories—and how they can be used as collateral.

Using property: what we measure and why it matters for women

The ability to acquire, access, manage, and control property—in short, the ability to use property—is important to everyone regardless of their gender. Ownership and control of land or housing provide direct and indirect benefits to individuals and households. Moreover, strong property rights and titling encourage lending based on these assets as collateral (de Soto 2000). This can help people access finance for consumption or investments (Sabarwal and Terrell 2009).

Owning property is particularly important for women in low-income economies, where entrepreneurship offers a chance to break the poverty barrier. Their odds to increase business productivity greatly depend on how much property they own and how they can use it (Mammen and Paxson 2000). But several studies show regional and local gender asset gaps in property ownership, particularly on major assets (Deere and León 2003, Quisumbing and Hallman 2005, Deere and Doss 2006).

In developing economies this gender asset gap can undermine women's bargaining power and capacity to engage in economic activity because access to formal credit relies heavily on asset-based lending (IFC 2011). For example, a recent survey of Ghanaian banks shows that they have a strong preference for land and buildings as collateral.

TABLE 1 WOMEN, BUSINESS AND THE LAW TOPICS AND CORRESPONDING HUMAN RIGHTS UNDER CEDAW

***Women, Business and the Law* category**	**Main Corresponding Human Rights of Women (CEDAW)**
Using Property	Equal rights to administer property (Art. 15)
	Equal rights in all matters relating to marriage and family relations (Art. 16.1), including same rights for both spouses in respect to ownership, acquisition, management, administration, enjoyment and disposition of property (Art. 16.1h)
Building Credit	Access to bank loans, mortgages and other forms of financial credit on equal basis with men (Art. 13b)
	Access to agricultural credit loans for rural women (Art. 14.2g)

Lower-value equipment, book debts, accounts receivable, and household goods are far less likely to be accepted as security interests (Law and Development Partnership 2011).

Accordingly, lenders' preferences for certain assets can have a disproportionate impact on women borrowers. Land-poor borrowers are at a disadvantage, so women's reduced access to immovable assets limits their access to credit. And women entrepreneurs tend to be engaged in micro, small, and medium-size businesses, where assets are often movable and of lower value (IFC 2011).

Laws and regulations can help expand the range of assets that banks accept as collateral—benefiting owners of micro, small, and medium-size businesses regardless of their gender (box 1).

Women, Business and the Law's using property indicator examines women's legal ability to acquire, access, manage, and control property in four areas: marital property regimes, joint titling, rights over movable and immovable property, and inheritance.

Because the marital property regime governs a variety of property transactions, the answers to this topic are clustered in accordance with the default marital property regime in each economy. For example, the marital property regime determines whether property is titled in the name of both spouses as the default option. Because titled land is often banks' preferred form of collateral, having women's names on land titles can be important for their ability to access finance.

The data show more restrictions for this indicator apply to married than unmarried women. None of the economies covered makes any legal distinction between unmarried women and unmarried men when it comes to their rights to moveable and immoveable property. So for both men and women, it is useful to assess property rights in conjunction with marital status (box 2).

Joint titling of marital property

Marriage under full or partial community of property has the implicit effect of granting ownership over the marital estate to both spouses in equal shares. Under full community of property, this includes property brought to the marriage by each spouse. Joint titling of the property shared by the spouses is presumed under both regimes. This presumption can provide married women with access to a greater pool of titled property as collateral.

Recognition of nonmonetary contributions and its importance for women's property rights

Being able to secure property ownership upon dissolution of marriage is essential for women's access to collateral. Nonmonetary contributions are crucial, including things

BOX 1 **REFORMING SECURED TRANSACTIONS SYSTEMS CAN INCREASE WOMEN'S ACCESS TO CAPITAL**

Business owners in developing economies are often discouraged from seeking formal loans because banks consider their assets insufficient or unsuitable. The mismatch can be particularly severe for women.

An efficient secured transaction system can help bridge this gap. In the United States small businesses secure 70 percent of their financing against movable assets. By comparison, nearly 90 percent of movable assets that can be pledged as collateral to U.S. banks would likely be rejected by Nigerian banks. Reform of the secured transactions framework could address lender concerns and increase borrower abilities to leverage assets.

Collateral law should allow security interests in all types of movable assets, whether tangible—such as livestock, crops, inventory, and equipment—or intangible—like accounts receivable. It should also recognize both possessory and non-possessory interests so that productive assets can secure loans and help generate the income needed to repay them. A centralized collateral registry can enable lenders to record their security interests and claim priority over assets pledged by clients. Rapid enforcement mechanisms such as out-of-court procedures should allow lenders to take and sell pledged assets quickly in case of default.

Following these principles, China recently completed a wide-ranging reform of its secured transactions system. In 2007 it enacted a new Property Law and established a centralized security interest registry. The new framework enabled small and medium-size enterprises to leverage a broader set of movable assets and helped female-owned businesses. Nearly two-thirds of the enterprises surveyed that leveraged accounts receivable due to the reform had female ownership, and 20 percent were majority owned by women.

Source: Dalberg Global Development Advisors 2011, World Bank 2011a, Safavian, Fleising and Steinbuks 2006, World Bank 2010.

such as caring for children, maintaining the home, and subsistence agriculture. Women typically have fewer monetized contributions than men and thus fewer assets during marriage (World Bank 2011c).

These contributions are recognized—or not—depending on the marital property regime. Under separation of property, at dissolution, each spouse will leave with their separately titled assets. This can result in women losing access to productive assets such as land, real estate, and motor vehicles unless nonmonetary contributions are recognized. Conversely, under full or partial community, as well as deferred full or partial community regimes, nonmonetary contributions are implicitly recognized at dissolution because assets are distributed equally between spouses (World Bank 2011c).

Findings by region in using property

All economies in high-income OECD, Eastern Europe and Central Asia, the Middle East and North Africa, and South Asia grant equal rights to men and women in property ownership.

In East Asia and the Pacific, only the Philippines restricts married women's property rights. Spouses have the same ability to administer property, but if they disagree on its disposition, the husband prevails.

Most economies in Latin America and the Caribbean grant spouses equal rights to property. Chile and Ecuador are the exceptions. In Chile the husband legally manages marital property—including any property generated in the marriage—and any property brought into the marriage by his wife. The wife can keep any earnings that she generates from work if she can show that they came from her own job. This hybrid model represents a partial move away from the husband's "marital power," a concept derived from the 1855 Chilean Civil Code. While there have been several attempts since the 1980's to equalize administrative rights over marital property, they have been unsuccessful (Barros 1991, Corral 2007). Ecuador has the same restriction as the Philippines.

Four economies in Sub-Saharan Africa give husbands sole administrative control over marital property: Cameroon, Côte d'Ivoire, the Democratic Republic of Congo, and the Republic of Congo. In these economies husbands manage marital property, and financial institutions require husbands' approval to use property as collateral.

Inheritance rights in 26 economies differentiate between women and men. This includes all economies covered in the Middle East and North Africa, seven in Sub-Saharan Africa (Burundi, Guinea, Mali, Mauritania, Senegal, Sudan, and Tanzania), three in South Asia (Bangladesh, Nepal, and Pakistan) and two in East Asia and the Pacific (Indonesia and Malaysia).

BOX 2 **THE IMPORTANCE OF WHERE COUPLES ARE MARRIED**

Sheryl Sandberg, chief operating officer of Facebook, said in 2011 that "the most important career choice you'll make is who you marry" (Groth 2011). *Women, Business and the Law* data show that where you marry is also important for women. The default marital property regime—the one that governs the property relationship of every married couple unless they opt for an alternative—defines how each spouse can use, buy, or sell property. The structure of marital property regimes might help to explain gender gaps in access to capital outcomes for women. Across the economies covered in *Women, Business and the Law*, there are four common marital property regimes (table 2):

- *Separation of property*—all property acquired by the spouses before they marry, as well as all property acquired during the marriage, remains separate property. Each spouse has sole control of their assets under this regime.
- *Partial community of property*—assets acquired before marriage are considered the property of the acquirer. Assets and income acquired by either spouse during marriage, apart from inheritance or gifts to one spouse, are considered joint property. At the time of dissolution, each spouse retains ownership of their assets. Assets considered part of the community are divided equally.
- *Full community of property*—all assets and income brought into the marriage, as well as those acquired during it, apart from inheritance or gifts to one spouse, are considered joint property. A full community regime implicitly recognizes nonmonetary contributions to the marriage and grants spouses joint rights to property.
- *Deferred full or partial community of property*—all property acquired before and during marriage remains the property of the acquirer and each spouse has sole control of their productive assets during marriage. On dissolution, the assets are divided equally.

Why do gender differences in using property matter for accessing capital?

Restrictions on women's ability to acquire and use property affect outcomes. Analysis shows that women borrow less from financial institutions in economies with a legal gender gap in using property. On average, there are 9 percentage points fewer women with loans in economies where property ownership and inheritance rights are gender differentiated (figure 1).

Restrictions in using property limit women's prospects to have savings, investments and sufficient collateral for loans. Thus, restricted property rights limit women's access to capital by means of credit and equity.

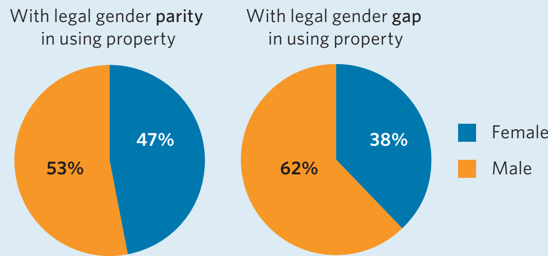
TABLE 2 **DEFAULT MARITAL PROPERTY REGIMES: A REGIONAL PERSPECTIVE**

	Separation	Full Community	Partial Community	Deferred Full or Partial Community	Other
Region	**Economies**				
East Asia & Pacific	Fiji, Hong Kong SAR, China, Malaysia, Papua New Guinea	Philippines	Cambodia, China, Indonesia, Lao PDR, Thailand, Vietnam	Taiwan, China	Mongolia, Singapore
Eastern Europe & Central Asia			Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Georgia, Kazakhstan, Kosovo, Kyrgyz Rep., Lithuania, Macedonia FYR, Moldova, Montenegro, Romania, Russian Federation, Serbia, Tajikistan, Turkey, Ukraine, Uzbekistan		Latvia
Latin America & Caribbean	Jamaica		Argentina, Bolivia, Brazil, Chile, Dominican Republic, Ecuador, Guatemala, Mexico, Paraguay, Peru, Puerto Rico (U.S.), Uruguay, Venezuela, RB	Colombia, Costa Rica, El Salvador, Honduras, Nicaragua, Panama	
Middle East & North Africa	Algeria, Egypt, Arab Rep., Iran, Islamic Rep., Jordan, Kuwait, Lebanon, Morocco, Oman, Saudi Arabia, Syrian Arab Rep., Tunisia, United Arab Emirates, West Bank and Gaza, Yemen Rep.				
OECD	Australia, Ireland, United Kingdom	Netherlands	Belgium, Canada, Czech Rep., Estonia, France, Hungary, Italy, Korea, Rep., New Zeland, Poland, Portugal, Slovak Rep., Slovenia, Spain	Austria, Denmark, Finland, Germany, Greece, Iceland, Israel, Norway, Sweden, Switzerland	Japan, United States
South Asia	Bangladesh, India, Nepal, Pakistan, Sri Lanka				
Sub-Saharan Africa	Benin, Botswana, Gabon, Ghana, Guinea, Kenya, Liberia, Malawi, Mali, Mauritania, Nigeria, Senegal, Sudan, Tanzania, Togo, Uganda, Zambia, Zimbabwe	Burundi, Namibia, Rwanda, South Africa	Angola, Burkina Faso, Cameroon, Chad, Congo, Dem. Rep., Congo, Rep.,Côte d'Ivoire, Ethiopia, Lesotho, Madagascar, Mauritius, Mozambique		Niger

Source: Women, Business and the Law (2012)

Note: "Other" describes economies where the four categories do not accurately describe the default regime. So, for example, in the United States, where *Women, Business and the Law* methodology looks at the law applicable in the main business city, New York law prescribes an "equitable" distribution of property—calling for a fair, but not necessarily equal distribution. Before the doctrine of equitable distribution was adopted, separation of property was the default regime and property would go to the titleholder.

FIGURE 1 **MORE WOMEN HAVE LOANS IN ECONOMIES THAT GRANT WOMEN THE SAME PROPERTY RIGHTS AS MEN**



Sources: Women, Business and the Law 2012 and Global Financial Inclusion (Global Findex) Database.

Note: The figure includes data on 132 economies and presents an average value.

Restrictions on women's legal ability to own, sell, acquire, and use property as collateral also diminish their prospects to start and run businesses. Owning a profitable business is one of the main ways to create and raise capital. Economies with more restrictions on women's property rights have 8 percentage points fewer firms with female participation in ownership, relative to economies without such restrictions (figure 2).

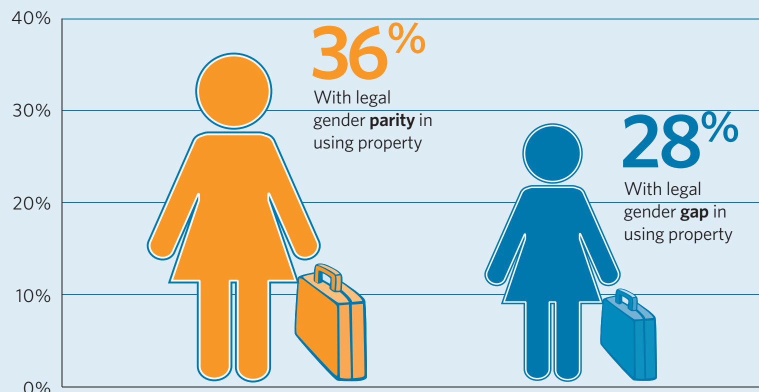
In economies with a default full community of property regime, there are on average 8 percentage points more women with an account at formal financial institutions, than in economies with a default separation of property regime (figure 3).[1] One reason could be that under regimes where nonmonetary contributions are implicitly taken into account women have access to more assets than those they acquire themselves. However, women under a separation of property regime must rely solely on assets they earn themselves, as well as their bargaining power within the household, in order to access capital.

Another explanation is that gender parity in account ownership at a formal financial institution in economies with a full community of property regime could be due to more joint accounts between wives and husbands. Generally, under full and partial community regimes, married couple's bank accounts are jointly owned. Available data do not allow disaggregating joint accounts from individually owned accounts.[2]

Building credit: measuring women's ability to build credit histories

Establishing a good credit history may help women who lack access to property they can use as collateral for loans. Lenders rely on credit histories to distinguish diligent clients from those with late payment records or defaulting loans. Borrowers who build and maintain good credit histories are rewarded with enhanced reputation collateral, giving them the ability to borrow larger amounts (Miller 2003). Because women often lack the types of assets

FIGURE 2 **IN ECONOMIES WITH EQUAL PROPERTY RIGHTS FOR MEN AND WOMEN, THERE ARE MORE FIRMS WITH FEMALE PARTICIPATION IN OWNERSHIP.**



Source: Women, Business and the Law 2012 and Enterprise Surveys.

accepted by banks, enhanced reputation collateral can help them in obtaining credit extensions or applying for new loans (CGAP 2011).

However, women may face difficulties when it comes to being included in the credit reporting system at all. For example, they may lack the requisite identification documents required by bureaus and registries to be included in their records. Women are also more likely than men to lack traditional banking relationships (Demirguc-Kunt and Klapper 2012). This can keep them outside of the reach of credit reporting systems. Where information from non-bank institutions is used to assess individuals' creditworthiness, it may help women who lack traditional banking relationships. An example of this is Rwanda, where two mobile phone companies and an electricity and gas company have shared information with the country's credit bureau since April 2011 (World Bank 2011a).

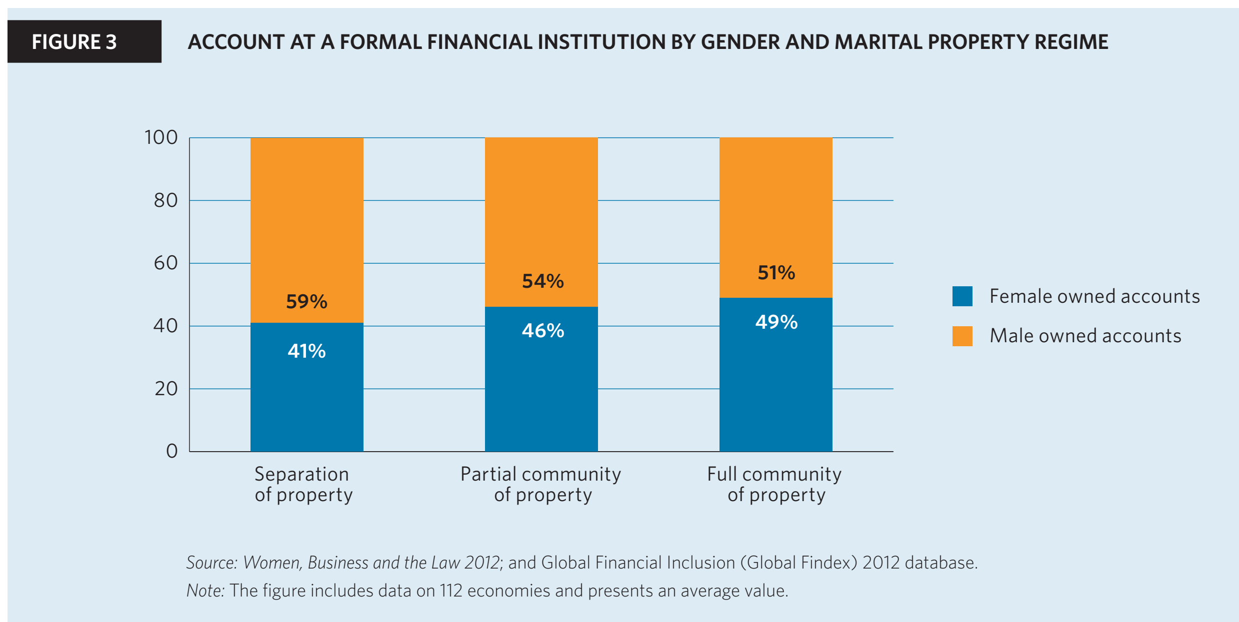
Historically, holding joint accounts with husbands may have affected women's ability to build credit histories. In the United States, for example, the 1974 Equal Credit Opportunity Act was a major step forward for married women, enabling them to keep accounts and build credit histories in their own names (Federal Reserve Bulletin 1977). Before that, credit bureaus would often carry only a husband's name on joint accounts—and upon separation, divorce, or the death of their husband, women would lack individual credit histories. This problem may still persist in some economies.

Owning a credit card is one way to build a credit history. Analysis shows that marriage can affect credit card ownership rates among women. For example, in the covered economies, on average 22 percentage points more women own credit cards where marital property is managed by both spouses (figure 4). If both spouses manage marital property, each of them has access to larger amounts of capital via each other's property. This use of joint property as collateral would enable them to build their individual credit.

There are several ways borrowers can build their credit. *Women, Business and the Law's* building credit indicator measures two ways which may be beneficial for women entrepreneurs, given their concentration in micro, small, and medium-size businesses and as microfinance clients (IFC 2011).

First, it identifies the threshold for loans reported by private credit bureaus and public credit registries. Higher loan thresholds are more likely to exclude the smaller businesses where women entrepreneurs are concentrated from the credit reporting system (IFC 2011). Second, the indicator tracks bureaus and registries that collect information from microfinance institutions. Where information on the repayment of micro-loans is captured in credit bureaus and registries, it gives micro-borrowers, many of whom are women, the ability to build reputation collateral. They can then leverage this collateral to access larger loans and graduate to conventional finance.

FIGURE 3 ACCOUNT AT A FORMAL FINANCIAL INSTITUTION BY GENDER AND MARITAL PROPERTY REGIME



Source: Women, Business and the Law 2012; and Global Financial Inclusion (Global Findex) 2012 database.
Note: The figure includes data on 112 economies and presents an average value.

Women, Business and the Law will seek to expand its building credit indicator to better capture other important dimensions of credit reporting for women, such as identification requirements, the treatment of joint-account holders and the reporting of non-bank information.

Findings by region in building credit

All 39 high-income economies covered in *Women, Business and the Law* have at least one private credit bureau or public credit registry, while 88 of the 102 middle and low-income economies covered do so. All economies covered in the Middle East and North Africa and South Asia regions have at least one credit bureau or registry. Among economies covered in Eastern Europe and Central Asia, only Tajikistan lacks a credit bureau or registry, while in Latin America and the Caribbean, Jamaica and Venezuela, RB do so. In the East Asia and Pacific region, Cambodia and Lao PDR lack credit bureaus and registries. In Sub-Saharan Africa, 26 of the 35 economies covered have at least one credit bureau or registry.

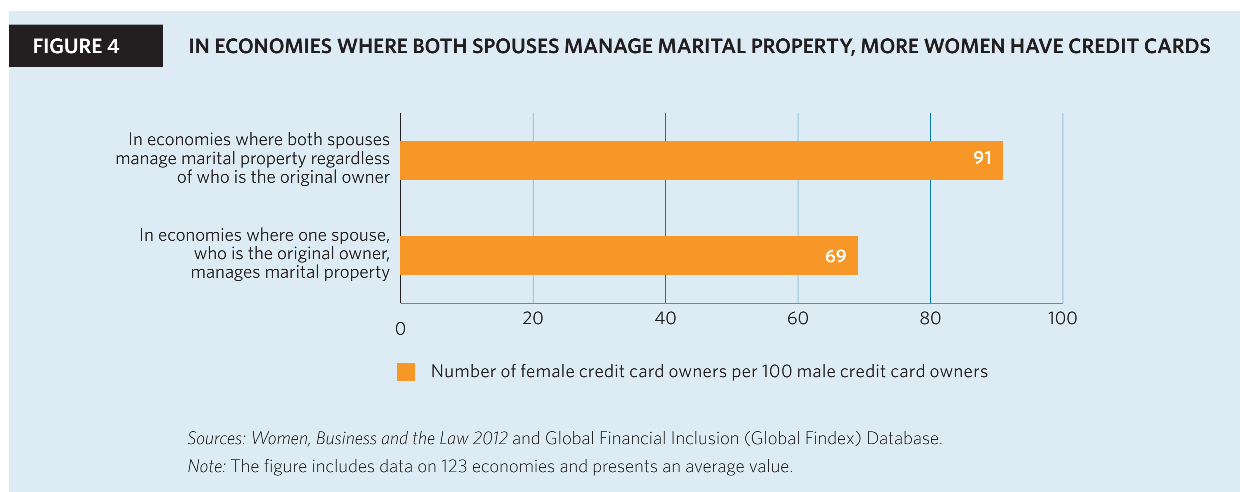
Among the 127 economies where credit bureaus and registries exist, the majority set minimum loan thresholds at or below 1 percent of income per capita. In Latin America and the Caribbean, East Asia and the Pacific and Eastern Europe and Central Asia, loans at or below 1 percent of income per capita are reported in all economies where credit bureaus and registries exist. All high-income OECD economies do so as well, except for Slovenia. Most economies with credit bureaus and registries covered in the Middle East and North Africa region report loans at or below 1 percent of income per capita except for Algeria and Jordan, where the minimum loan threshold for credit reporting is equal to over 6 times income per capita in both economies. In South Asia, Bangladesh and Nepal have minimum loan thresholds equal to 109% and 6,319% of income per capita, respectively. Of the 26 Sub-Saharan African economies where credit bureaus or registries exist, 16 report loans at or below 1 percent of income per capita. In other economies in the region, bureaus and registries set minimum loan thresholds as high as 20 times income per capita (Côte d'Ivoire), almost 30 times income per capita (Niger) and over 40 times income per capita (Ethiopia).

While conventional finance is widely available to women in OECD high-income economies, microfinance often offers a crucial alternative for women borrowers in other regions. In many of them, women borrowers make up the majority of microfinance clients (table 3).

Women, Business and the Law finds that among the 18 economies covered in Latin America and the Caribbean where credit bureaus or registries exist, 15 economies allow micro-borrowers to build credit histories (figure 5). Client records from microfinance institutions are also reported in about half of the economies covered in East Asia and the Pacific, the Middle East and North Africa, and Eastern Europe and Central Asia.

In South Asia, only India and Pakistan offer opportunities to micro-borrowers to build credit histories. In Sub-Saharan Africa, where 9 of the 35 economies covered lack credit reporting systems, only Liberia, Mozambique, Namibia, Rwanda, South Africa and Zambia enable microfinance institutions to share information with credit bureaus and registries, allowing micro-borrowers to build a credit history.

FIGURE 4 **IN ECONOMIES WHERE BOTH SPOUSES MANAGE MARITAL PROPERTY, MORE WOMEN HAVE CREDIT CARDS**



Sources: Women, Business and the Law 2012 and Global Financial Inclusion (Global Findex) Database.
Note: The figure includes data on 123 economies and presents an average value.

TABLE 3 MICROFINANCE BORROWERS BY REGION

Region (number of economies)	Active borrowers	Female borrowers	Share of female borrowers (percent)
East Asia & Pacific (14)	16,244,000	8,663,000	53
Eastern Europe & Central Asia (20)	2,398,000	811,000	34
Latin America & Caribbean (22)	16,518,000	8,482,000	51
Middle East & North Africa (9)	2,212,000	1,335,000	60
South Asia (7)	58,138,000	51,806,000	89
Sub-Saharan Africa (35)	5,299,000	2,826,000	53
Total (107)	100,809,000	73,923,000	73

Source: Mix Market Database 2010. (http://www.mixmarket.org/mfi/indicators).

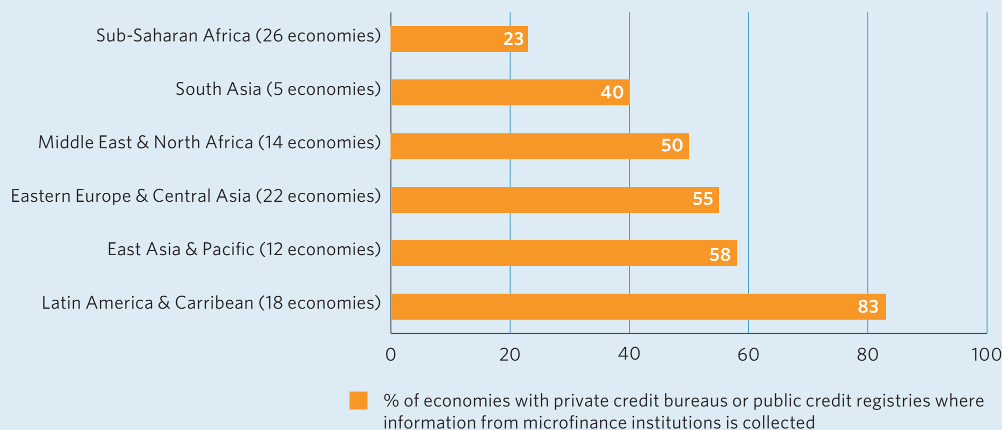
Note: The number of active borrowers includes men, women, and institutional borrowers. Only microfinance institutions that provide gender disaggregated data are included. Economies covered in this database do not match all those in the *Women, Business and the Law 2012* database.

Reforming laws and regulations to help women access capital

Regulatory reforms affecting credit bureau and registry rules can benefit women entrepreneurs by improving their capacity to build reputation collateral. *Women, Business and the Law* finds that between June 2009 and March 2011, 11 economies implemented reforms in the areas covered by the building credit indicator. New credit bureaus and registries were established in Ghana, Moldova, Papua New Guinea, the Syrian Arab Republic, and Uganda.

Other economies lowered the minimum loan amounts covered by their credit bureaus and registries, allowing coverage of smaller loans to be included. Jordan cut its minimum loan amount by a third, Mauritania cut its by half, and Yemen eliminated its altogether, allowing loans of any size to be covered. And Azerbaijan's micro-borrowers can now build credit histories through local credit bureaus.

FIGURE 5 ECONOMIES WHERE MICROFINANCE INSTITUTIONS PROVIDE INFORMATION TO CREDIT BUREAUS AND REGISTRIES, BY REGION



Source: Women, Business and the Law 2012, Doing Business 2012.

Note: This figure includes economies covered in *Women, Business and the Law* which have a private credit bureau or a public credit registry. High-income OECD economies were omitted from this figure because traditional bank financing is more widely available for women.

BOX 3

In 2002 Nicaragua's microfinance institutions began sharing information through Sin Riesgos, a credit bureau promoted by the Nicaraguan microfinance association ASOMIF. By 2004, the Law on Bank Secrecy allowed commercial banks, which already shared information through the public credit registry, to access potential clients' credit histories collected by private credit reporting firms. Today commercial banks are able to access Sin Riesgos records of MFI clients and assess their creditworthiness and eligibility for conventional loans.

Source: CGAP (2011).

While reforms in credit bureau and registry rules can help women entrepreneurs, overarching reforms affecting women's property rights may have a significant impact on women's economic opportunities overall. Such reforms provide women with increased bargaining power and allow more control and use of major assets (World Bank 2011c).

Historically, many countries restricted the property rights of married women. In Spain, for example, until 30 years ago married women could not acquire property for value or profit, or dispose of assets or obligations without the permission of their husbands. Legally, husbands were recognized as the sole administrators of any property acquired during marriage, regardless of who actually purchased it. Married women were not even allowed to accept inheritance or seek a division of marital property. They would not have been allowed to use property as collateral for loans. In 1981, legal reforms were enacted recognizing women's equality in administering marital property, allowing them to participate fully in economic life without permission from their husbands (Cuenca-Gómez 2008).

A more recent example can be found in Ethiopia, which reformed its family law in 2000. The reform covered a range of issues affecting women including allowing both spouses to agree on administering property. Ethiopia also amended its legislation to improve women's access to productive resources by granting joint land titles to wives and husbands. This reform was introduced at the regional level before being implemented nationwide. In the regions where the reform occurred first, there was a significant shift in women's economic activities, including increases in women's participation in work outside the home, full-time work, and higher skilled work (Hallward-Driemeier and Gajigo 2010).

Other recent reform examples changed the structure of the default marital property regime, or gave spouses a greater range of options to pick from. In 2001, for example, Turkey adopted partial community as its default regime in a move towards greater legal protection for the property rights of married women. And Morocco enacted a wide ranging family law reform in 2004 including granting spouses the option of choosing full or partial community regimes to govern their property relationships (World Bank 2011c).

Most recently, in 2010, Kenya promulgated a new Constitution introducing several legal changes on gender equality, including granting women equal rights before, during, and after marriage and on inheritance (World Bank 2011b).

Conclusion

The primary lesson learned from examining women's access to capital through the lens of the *Women, Business and the Law* indicators is that while significant improvement has occurred in using property and building credit, much remains to be done. While explicit legal restrictions on women are rare, they do still exist. Moreover, the structure of the default marital property regime may make it easier or more difficult for women to leverage assets as collateral and can therefore affect financial outcomes. Gender neutral regulations such as those governing credit registries and bureaus can also affect women's ability to build their reputation collateral.

Identifying legal barriers to women's property rights and examining policies that can help women get credit are both pathways to improving the legal and regulatory framework and promoting women's economic opportunities through targeted reforms. *Women, Business and the Law* will continue to examine reforms in these areas going forward, as well as analyze the nature of past reforms. By creating a better understanding of how certain aspects of the legal and regulatory environment affect women entrepreneurs, and the linkages they have with access to capital outcomes for women, *Women, Business and the Law* hopes to facilitate the formulation of more gender inclusive policies.

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ENDNOTES

1 Global Financial Inclusion (Global Findex) Database's variable *'Account at a formal financial institution, female (% age 15+)'* is not disaggregated by marital status. In the analysis of the relationship between marital property regime and account at a formal financial institution it is assumed that all women are married.

2 Global Financial Inclusion (Global Findex) Database's variables *'Account at a formal financial institution, female (% age 15+)'* and *'Account at a formal financial institution, male (% age 15+)'* denote the percentage of respondents with an account owned ***self or together with someone else*** at a bank, credit union, another financial institution (e.g., cooperative, microfinance institution), or the post office (if applicable) including respondents who reported having a debit card as % female, age 15+ and as % male, age 15+ respectively.

This note presents research to encourage the exchange of ideas on women's economic participation and the law. The note carries the names of the authors and should be cited accordingly. The findings, interpretations, and conclusions expressed in this note are entirely those of the authors. They do not necessarily represent the views of the International Bank for Reconstruction and Development/World Bank and its affiliated organizations, or those of the Executive Directors of the World Bank or the governments they represent.

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